

Michigan Warehouser Licensing Requirements and General Information

A "**Warehouser**" license:

- License issued by the Michigan Liquor Control Commission ("Commission") to a person or company located in Michigan to temporarily store alcoholic beverages.
- Prohibited from making sales or deliveries to retailers unless the warehouseman is also the holder of a Wholesale license issued by the Commission.
- Does not require BATF Permit.
- Retail licensees are prohibited from holding Warehouser license
- \$50.00 initial license fee and annual renewal fee. License renews annually on May 1.
- MCL 436.1113(6)

How To Apply For A Warehouser License:

All applicants for a Warehouser license must submit the following documents:

LICENSE APPLICATION - "Application for New License, or Application of Buyers For Transfer of Ownership or Interest in License" (Form LC-687), executed. Additional documents as indicated on pages 2 and 3 are required for corporate, limited liability company and partnership applicants.

INSPECTION FEE - A \$70.00 nonrefundable inspection fee is required to authorize the field investigation. (Check payable to "State of Michigan".)

PROPERTY DOCUMENT – Proposed or executed warranty deed, lease agreement, mortgage, etc., that verifies ownership or control of proposed licensed premises. *Note:* Applicant does not have to have control of proposed licensed premises through leasehold or ownership at the time of investigation however will to provide evidence of control prior to issuance of any license by the Commission.

In addition to the preceding documents required by all applicants, **CORPORATIONS** shall submit the following information per Rule 436.1109:

- Copy of current, filed Articles of Incorporation.
- Current "Certificate of Good Standing" from the state where incorporated, if incorporated outside of this state.
- "Report of Corporate Officers, Directors & Board of Directors" (Form LC-52).
- "Individual Stockholder/Corporate Stockholder Questionnaire" (Form LC-621), completed by each stockholder holding 10% or more stock interest.
- "Limited Partners, Stockholders & Members Statement" (Form LC-38), completed by each stockholder holding less than 10% stock interest.
- All stockholders holding 10% or more corporate stock in applicant corporation will be required to be fingerprinted by local law enforcement agency. Enforcement Investigator will release necessary forms and instruct you to contact local law enforcement agency.

In addition to the LC-687 and other documents required by all applicants, **LIMITED LIABILITY COMPANIES (“LLC”)** shall submit the following information pursuant to Rule 436.1110:

- Copy of Articles of Organization and copies of any amendments to the Articles of Organization.
- Copy of Certificate of Authority to do business in Michigan, if the LLC is a non-Michigan LLC.
- Copy of Operating Agreement entered into by members.
- Copy of most recent annual statement filed with the Michigan Department of Consumer & Industry Services, Corporations and Securities Bureau. Newly organized LLC’s will not have filed any such document yet.
- “Report of Limited Liability Company Members, Managers and Assignees” (Form LC-52A).
- “Individual Stockholder or Corporate Stockholder Questionnaire” Form (LC-621), completed by each member holding 10% or more of the total interest in LLC. Also, Form LC-621 should be completed for an assignee of a membership interest or a manager with a percentage distribution of 10% or more in the LLC.
- “Limited Partners, Stockholders or Members Statement” (Form LC-38), completed by member holding less than 10% of the total interest in the LLC. Also, Form LC-38 should be completed for an assignee of a membership interest or a manager with a percentage distribution of less than 10% in the LLC.
- All members holding 10% or more interest in LLC and assignees of membership interest or managers with 10% or more percentage distribution will be required to be fingerprinted by the local law enforcement agency. The Commission Enforcement Investigator will release the necessary forms and instruct you how to contact the appropriate agency.

In addition to the preceding documents required by all applicants, **PARTNERSHIPS** shall submit the following information per R436.1111:

- Partnership Agreement (required for limited partnerships).
- “Application for New Licenses or Application of Buyers for Transfer of Ownership or Interest in License” (Form LC-687) completed by each general partner.
- “Limited Partners, Stockholders or Members Statement” (Form LC-38), completed by each limited partner. In the case where the limited partner is a corporation or a limited liability company, an “Individual Stockholder or Corporate Stockholder Questionnaire” Form (LC-621), should be completed by each of the limited partners.
- All general partners will be required to be fingerprinted by local law enforcement agency. Enforcement Investigator will release necessary forms and instruct you to contact local law enforcement agency.

Send applications to: Michigan Liquor Control Commission
Manufacturers & Wholesalers Section
P.O. Box 30005
Lansing, MI 48909
(517) 322-1415
www.michigan.gov/cis (Click on “Liquor Control” in left hand column.)

Licensing Process:

An investigation for a new license or transfer of an existing license is initiated by the applicant submitting an "Application for New License, or Application of Buyers For Transfer of Ownership or Interest in License" (Form LC-687), and the appropriate corporate, LLC or partnership documents, along with a \$70.00 inspection fee for each license applying for. Upon receipt of this information, the Commission's Licensing Division will authorize an investigation and forward the file to the Commission's Enforcement Division. An investigator from the Enforcement Division will contact the applicant; advise them of the documentation necessary to be provided for review; and schedule an appointment with the applicant(s) to conduct the investigation. The investigation will cover a variety of areas including but not limited to: ownership structure; background of individuals; projected cost of the project/transaction; source of finances, including source of any money lender's finances; present ownership verification; and physical inspection of the facility, if the physical premises is built and available for inspection. Upon completion of the investigation, the investigator will submit a report to the Commission.

The Commission investigator will also release forms and fingerprint cards to the local law enforcement agency. The local law enforcement agency's investigation is independent of the Commission's investigation. It is the responsibility of the applicant to follow-up with the local law enforcement agency to ensure that their recommendations are forwarded to the Commission.

The Commission will issue a formal order approving, denying or holding the application for additional information. The applicant will be advised of the Commission's decision, provided with a copy of the Commission's order and, if approved, provided with a contract for signatures and a check sheet listing any additional requirements or documentation necessary to be submitted to the Commission to complete the licensure process. If the application is denied, the applicant will have the opportunity to appeal the denial.

License Fee:

\$50.00 per location. Licenses must be renewed annually. Licensing year is May 1 - April 30. Annual license fee may not be prorated. License fee is not required to be paid with initial application, you need not submit license fee until formal approval of your application is granted.

- MCL 436.1525(q)

Interest in Another License:

A wholesaler is prohibited from holding any direct or indirect interest in any other alcoholic beverage wholesale, retail or supplier license. Types of prohibited interest include stock ownership in another licensee; leasing real estate to/from another licensee; interlocking officers or directors; and financial interest in any manner, such as a moneylender, in another license. Wholesalers are allowed to hold more than one wholesale or warehouse license for other locations as long as each license is issued in the same legal entity. Wholesalers may also qualify to hold certain supplier licenses (Outstate Seller of Beer, Outstate Seller of Wine and Outstate Seller of Mixed Spirit Drink), if the license is issued in the same legal entity as their wholesale license.

- MCL 436.1603

Sale and Delivery to Consumers Prohibited:

Warehousers are prohibited from making sales or deliveries to consumer.

- MCL 436.1607(1)

Sale and Delivery to Retail Licensees Prohibited:

A Warehouse is prohibited from making sales or deliveries to retail licensees unless they also hold a Wholesale license or a manufacturer's license which authorizes sales to retailers.

- MCL 436.1113(6)

Aid and Assistance:

Section 609 of the Code, being MCL 436.1609, and Rule 436.1035 prohibit an alcoholic beverage supplier or wholesaler from aiding or assisting any other licensee by giving them anything of value. Further a licensee is prohibited from accepting aid and assistance from another industry member. Basically, alcoholic beverage suppliers are prohibited from giving anything of value to their wholesalers or retailers. Likewise, alcoholic beverage wholesalers are prohibited from giving anything of value to their retailers. This principle is the cornerstone of Michigan's trade practices regulatory structure. It is designed to provide a level playing field for all industry members. Suppliers and wholesalers are prohibited from giving anything of value to retail licensees, including but not limited to: alcoholic beverages, merchandise, furniture, fixtures, equipment, uniforms, cash or loans, labor, etc. While wholesalers and suppliers may provide point-of-sale materials such as posters, banners, table tents, flyers, etc., to retailers promoting their brands and prices, they are prohibited from providing anything that has any secondary use, value or purpose, other than actual advertising value to retailers without prior Commission approval. This same principle prohibits suppliers and wholesalers from providing free advertising, incentive programs, free or discounted product, draft system installation and maintenance, etc. Violations in the aid and assistance statute will result in all participants (retailer, wholesaler and supplier) being cited before the Commission.

- MCL 436.1609, Rule 436.1035

Record Retention:

All licensees are required to maintain all sales, purchase and warehouse records for a minimum of four (4) years. Records may be maintained electronically or otherwise as long as a hard copy of the record can be created upon demand.

- Rule 436.1007, Rule 436.1641, Rule 436.1727, Rule 436.1865

Inspection of Premises and Books & Records:

A licensee must make the licensed premises available for inspection and search by a Commission Investigator or any law enforcement officer empowered to enforce the Commission's rules and code during regular business hours or when the premises is occupied. The Commission or its duly authorized agent may examine the books, records or papers of a licensee.

- MCL 436.1217, Rule 436.1645

How to Contact the Michigan Liquor Control Commission:

Questions relating to Warehouse licenses and other non-retail licenses may be directed to:

Michigan Liquor Control Commission

Manufacturers & Wholesalers Section

P.O. Box 30005

Lansing, MI 48909

(517) 322-1415

(517) 322-5046 (fax)

twhite@michigan.gov

www.michigan.gov/cis (Click on "Liquor Control".)